



COEUR D'ALENE TRIBE

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April 7, 2011

Hon. Daniel Akaka, Chairman
Senate Committee on Indian Affairs
628 Dirksen Senate Office Building
Washington, DC 20510

Testimony of Chairman Chief J. Allan of the Coeur d'Alene Tribe of Idaho concerning the SBA 8(a) Business Development Program

Dear Chairman Akaka,

On behalf of the Coeur d'Alene Tribe, I would like to thank you for the opportunity to present testimony today regarding the role that the Small Business Administration's 8(a) Business Development Program plays in enhancing economic opportunities in Indian Country through tribal government-owned and Alaska Native Corporation-owned firms participating in this crucial SBA program (hereinafter referred to collectively as "Native 8(a)").

I would also like to commend you and this Committee for the efforts you have undertaken to improve the lives of Native people in this great nation. We appreciate your dedication to fighting the good fight for all of Indian Country.

The title of today's hearing is "Promises Fulfilled." Sometimes it is easy for people to forget about the "promises" US Presidents and members of this body have made to Indian people. It is also easy to lose sight of the calculated public policy goals of programs like Native 8(a) that were carefully created in furtherance of fulfilling those promises. My testimony today will hopefully provide a useful perspective for this Committee about such promises and how recent unwarranted attacks on Native 8(a) have ignored and broken those promises, with detrimental economic effects.

As Chairman of the Coeur d'Alene Tribe, one of my goals has been to educate members of the community, the media and elected officials regarding the facts about Indian Country. All my life I have had to deal with these misperceptions and misinformation. One of the biggest challenges we face as Indian people today is overcoming the misconceptions of mainstream America, often perpetuated by the national media. It is these misconceptions and the ignorance of facts that provide the impetus behind the recent attacks on Native 8(a).

The Coeur d'Alene Tribe started a manufacturing company about 5 years ago called Echelon LLC. The company was certified as a Tribally-owned firm in the SBA 8(a) program in 2007. In just over a year, our 8(a) company grew from 4 employees to over 100 employees primarily due to the award of a multi-million dollar 8(a) manufacturing contract. The company expanded into three facilities on the reservation with over 40% of our employees being Native American. The Coeur d'Alene reservation also happens to be an area historically with the highest unemployment and poverty levels in the state. The 8(a) program helped our company to breathe a new life and hope into a struggling reservation community.

In 2008-2009, we started hearing about scrutiny this program was receiving from members of Congress, primarily Senator Claire McCaskill. Multiple hearings and investigations of the Native 8(a) program ordered by Sen. McCaskill have been conducted in an attempt to expose some "loophole" being abused by Native 8(a) in federal contracting. Press releases vowing to bring accountability to government contracting by doing away with the benefits of Native 8(a) have consistently been issued by her office, even taking credit for the quiet inclusion of Section 811 to the National Defense Authorization Act of 2010. It is my understanding that another piece of legislation sponsored by Sen. McCaskill aimed at gutting Native 8(a) has been introduced.

The basis for these attacks is the erroneous premise that Native 8(a) is abusing sole source contracting. Interestingly, the facts show that roughly 32% of all federal contracting dollars are awarded non-competitively (sole source). Yet, only about 1% of all federal contracting dollars, competitive and non-competitive combined, are awarded to Native 8(a) businesses. This means that Native 8(a) is being unfairly and wrongly singled out.

While some of these ill-conceived and misguided attacks on Native 8(a) have been unsuccessful, others have had devastating effects on tribal economies. Government contracting officials are shying away from using Native 8(a) because of the scrutiny and negative attention surrounding around it.

The Department of Defense has unfortunately bought into this rhetoric, issuing memorandums effectively urging their government contracting officials to use the Native 8(a) sparingly. These contracting officers have several procurement options available when they put federal contracts out for bid. They do not have to use Native 8(a) businesses or any small businesses for that matter and a resultant chilling effect has

caused Native 8(a) businesses to lose millions of dollars in government contracts. Select members of this Committee sent a letter after Section 811 was passed warning that its new requirements could make contracting officials reluctant to award contracts to Native 8(a) firms. Sadly, this has come to fruition.

While I do not expect that many contracting officers would go on the record to confirm this reluctance or admit to receiving a directive against using Native 8(a) firms, the evidence already exists. Our company has seen multiple sizeable contracting opportunities pulled out of the 8(a) program to be awarded through other contracting vehicles, some of which cancelled after years of R&D and thousands of dollars invested in receiving the award. In the last year, we have been forced to lay off almost 70% of our workforce.

The ability of our tribally-owned 8(a) company and other similarly situated firms to secure federal contract and compete in the federal marketplace is being diminished. Native 8(a) has been under a systematic attack that has reduced the amount of jobs and revenue for native economies, most of which located in the most poverty-stricken areas of the nation.

I ask members of this Committee to implore your fellow members of Congress to preserve and expand the SBA 8(a) program. This program is one of the few government programs providing the results for which it was intended. We ask the Committee to join us in our fight to protect Native 8(a).

The Coeur d'Alene Tribe is honored to provide our testimony today. If you have any questions, please contact our Legislative Director, Helo Hancock, at (208) 686-0752 or hhancock@cdatribe-nsn.gov. Thank you and we look forward to working with you and the Committee on these important matters in the future.

Sincerely,

A handwritten signature in blue ink that reads "Chief J. Allan". The signature is written in a cursive, flowing style.

Chief J. Allan
Chairman
Coeur d'Alene Tribe